

Committee on Government Reform

Tom Davis, Chairman



MEDIA ADVISORY

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Contact: David Marin
(202) 225-5074

Entrepreneurial Government Run Amok?

*Government Reform Committee to Review FSS/FTS
Organizational and Management Challenges*

**What: Government Reform Committee oversight hearing on FSS/FTS
Organizational and Management Challenges, and Contract Mismanagement**

NOTE: A COMMITTEE BUSINESS MEETING WILL PRECEDE THE HEARING.

Business to be considered:

H. Con. Res. 264, authorizing and requesting the President to issue a proclamation to commemorate the 200th anniversary of Constantino Brumidi

H. J. Res. 70, commending the Inspectors General for their efforts to prevent and detect waste, fraud and abuse, and mismanagement, and to promote economy, efficiency and effectiveness in the federal government during the past 25 years.

When: October 2, 2003, 11:00 a.m.

Where: Room 2154, Rayburn House Office Building

On Thursday October 2, 2003 at 11 a.m. in Room 2154 of the Rayburn House Office Building, the Committee on Government Reform will conduct an oversight hearing on General Services Administration (GSA) efforts to restructure the organization of the Federal Supply Service (FSS) and Federal Technology Service (FTS), the impact of recent GSA Inspector General (IG) investigations of FTS contract mismanagement, and GSA's plans for a new government-wide telecommunications program.

To leverage the government's buying power, GSA through both the FSS and FTS (which do more than \$30 billion in business a year) acts on behalf of federal agencies as the central buying agent for a wide range of commercial products and services.

The hearing will build on the information on structural and management challenges faced by the two services developed in a hearing held last Congress by the Subcommittee on

Technology and Procurement Policy and supplemented by General Accounting Office (GAO) work.

The overlapping and redundant nature of the current structure--FTS is a major user of FSS contracts-- has raised questions about the relationship between the services. Does it result in inefficiencies, unnecessary infrastructure, and cost? Overlaps exist between FSS and FTS in a number of areas, including information technology sales and marketing and IT contracting offerings. GSA has begun a realignment effort in an attempt to coordinate the range of services provided to agencies. As a part of this effort, GSA has recently announced the result of a review of its IT contract vehicles. As we understand it, a number of those contracts will not be continued and those that remain will, for the most part, be managed by the FSS.

Notwithstanding these efforts, there have been disturbing revelations of what may well be a pattern of serious contract mismanagement throughout the FTS. The GSA IG has reported inappropriate contracting practices and misuse of the information technology fund (construction and building renovation work using funds reserved for the acquisition of IT) by FTS officials at GSA's Bremerton, Washington office. The IG will soon release another report documenting further contracting abuses by FTS officials in other GSA regions.

The Committee believes the problems are extensive and involve acquisitions valued at up to \$100 million.

The Committee is closely following this unfolding story and must be ready to remedy the situation if allegations of widespread abuse and mismanagement at FTS prove to be true. Consequently, the Committee intends to explore alternatives to the current FSS/FTS structure that would lead to better management oversight of contracting activities.

Witnesses:

Panel One:

Mr. Stephen Perry, Administrator, United States General Services Administration

Panel Two:

Mr. William T. Woods, Director, Acquisition and Sourcing Management, United States General Accounting Office

Mr. Edward Allen, Executive Vice President, Coalition for Government Procurement

Mr. Donald E. Scott, Chairman of the Procurement Policy Committee, Information Technology Association of America

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